



***United States Attorney
District of New Jersey***

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**FORMER CEO OF LEADING NEW JERSEY CIGARETTE DISTRIBUTOR
SENTENCED TO 44 MONTHS IN PRISON FOR BANK FRAUD**

TRENTON, N.J. – The former company CEO of a leading New Jersey cigarette and candy distributor was sentenced today to 44 months in prison for scheming to defraud Commerce Bank, Provident Bank and other financial institutions out of more than \$8 million dollars, U.S. Attorney Paul J. Fishman announced.

Jeffrey E. Michelson, 61, of Ledgewood, N.J., previously pleaded guilty to an Information charging him with one count of bank fraud. He entered his guilty plea before U.S. District Judge Freda L. Wolfson, who also imposed the sentence today in Trenton federal court.

According to documents filed in this case and statements made in court:

Michelson admitted that, between July 2005 and November 2008, he defrauded Commerce Bank and Provident Bank while serving as the CEO of a cigarette, candy and sundries distribution company in Newark. In his position, Michelson maintained control and authority over bank accounts, loans and lines of credit held with the two banks, subsequently purchased by TD Bank and M&T Bank, respectively.

On several occasions, Michelson altered checks received from customers to reflect a much greater amount than that intended by the payer – sometimes by tens of thousands of dollars. Michelson then deposited the checks into the company bank account via a remote deposit capture system, which allowed the company to obtain larger deposits and instant credit in its operating account. As a result of this scheme, Michelson caused approximately \$535,000 in fraudulent deposits.

Michelson also repeatedly presented worthless checks – in excess of \$3.25 million – which had the effect of creating a temporary credit in the company's operating accounts.

In March 2008, Michelson obtained a \$4.25 million loan and line of credit from Provident Bank by fraudulently representing his company's assets, accounts receivables and overall financial status.

In addition to the prison term, Judge Wolfson sentenced Michelson to four years of supervised release. A hearing regarding restitution has been scheduled for April 28, 2011.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special

Agent in Charge Michael B. Ward in Newark, with the investigation leading to today's sentence.

The government is represented by Eric Kanefsky of the U.S. Attorney's Office Special Prosecutions Division in Newark.

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Defense counsel: Henry Klingeman, Newark, N.J.